

City of Mesa

Strategic Budget Discussion

February 13, 2014

Presented by the Office of Management and Budget



City of Mesa Priorities

Vision

- To be the employer and community of choice

Mission

- We are dedicated to providing superior services to our customers in order to improve the quality of life for Mesa residents, businesses and visitors

Strategic Initiatives



Financial Stability



Fiscal stability that provides proactive leadership and considers all financial factors in order to diversify revenues, bring new jobs to Mesa, create responsible budgets, and ensure operational efficiencies.

The City of Mesa Continuously Strives for Excellence

Service Excellence

- Provide high quality service to the citizens of Mesa
- Establish and maintain a workforce of quality, professional individuals

Financial Excellence

- Align on-going expenditures with on-going revenues
- Position the City to invest in economic development opportunities

Performance Excellence

- Leverage current resources in an effective and efficient manner
- Leverage technology and innovation to augment resources

Current Financial Status

Fiscal Year 12/13

- Revenues came in slightly higher than forecasted
- Expenditures came in slightly higher than forecasted
- No significant effect on fund balance

Fiscal Year 13/14

- Revenues are projected to be higher than budgeted
- Expenditures are projected to be higher than budgeted
- Most of the additional revenue capacity is needed to cover inflationary expenditure pressures

The City is no longer experiencing the departmental operational savings as in the past

Mid-range Forecast

- Forecasted resources are sufficient to continue FY 13/14 budget amounts for FY 14/15, but do not allow for additional programming
- The City continues to experience inflationary pressure in areas such as fuel, employee benefits and contract renewals
- Increasing expenditure budgets require increasing reserve dollars to maintain the same percentage coverage
- Growth in revenues are not forecasted to keep pace with growth in expenditures

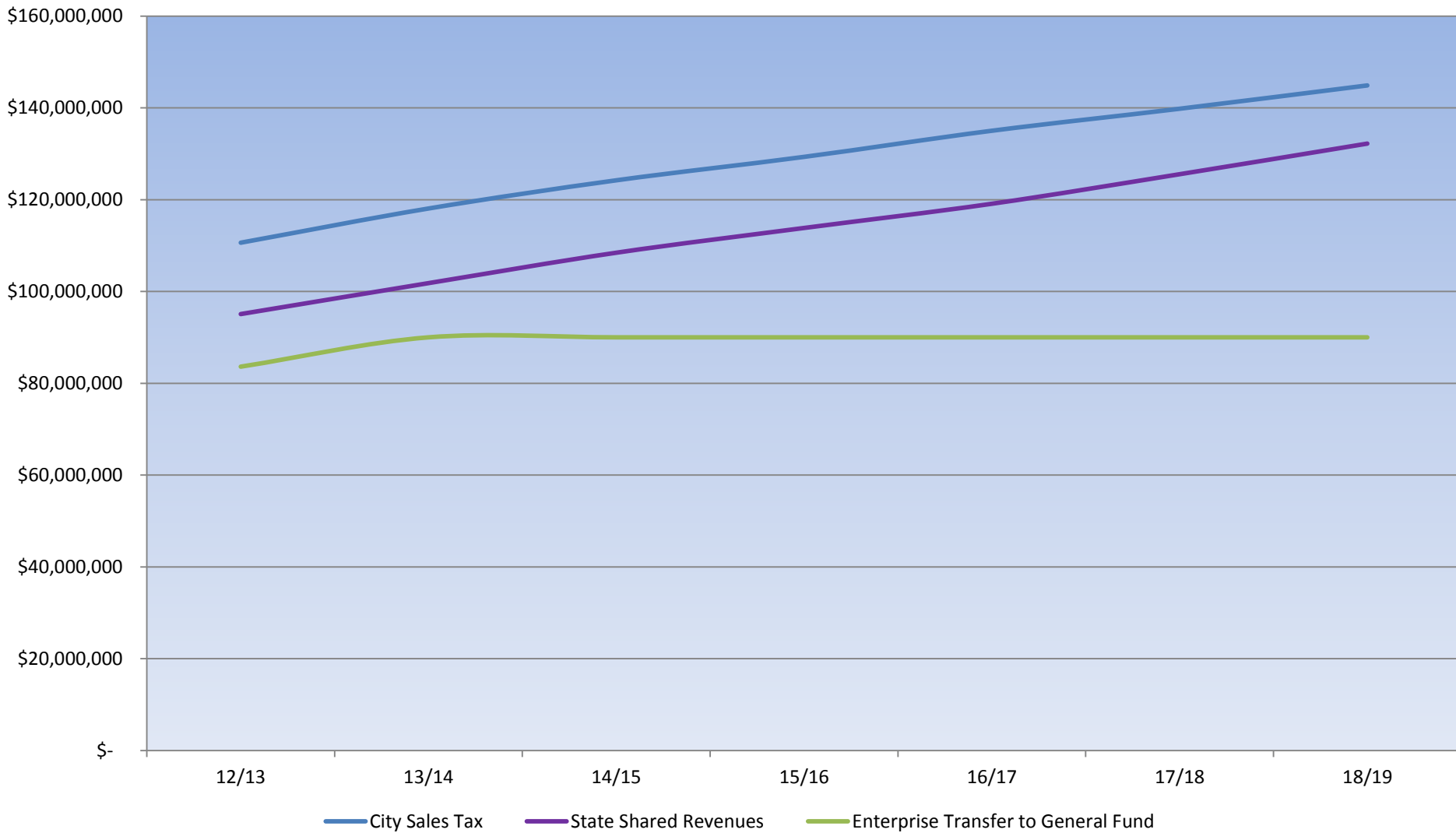
General Governmental Resources

	<u>FY 12/13 Estimated</u>	<u>FY 13/14 Projected</u>	<u>Change</u>	<u>FY 14/15 Forecast</u>	<u>Change</u>
Local Sales Tax	\$110.6	\$118.1	6.7%	\$124.2	5.2%
State Shared Revenues					
State Sales Tax	\$35.7	\$37.5	5.0%	\$39.4	5.1%
Urban Revenue Sharing	\$44.8	\$49.0	9.2%	\$53.2	8.5%
Vehicle License Tax	\$14.5	\$15.3	5.6%	\$15.9	3.5%
Enterprise Transfer	\$83.6	\$90.0	7.7%	\$90.0	0.0%
Other	\$39.9	\$39.7	-0.5%	\$40.3	1.4%
Total	\$329.2	\$349.6	6.2%	\$362.9	3.8%

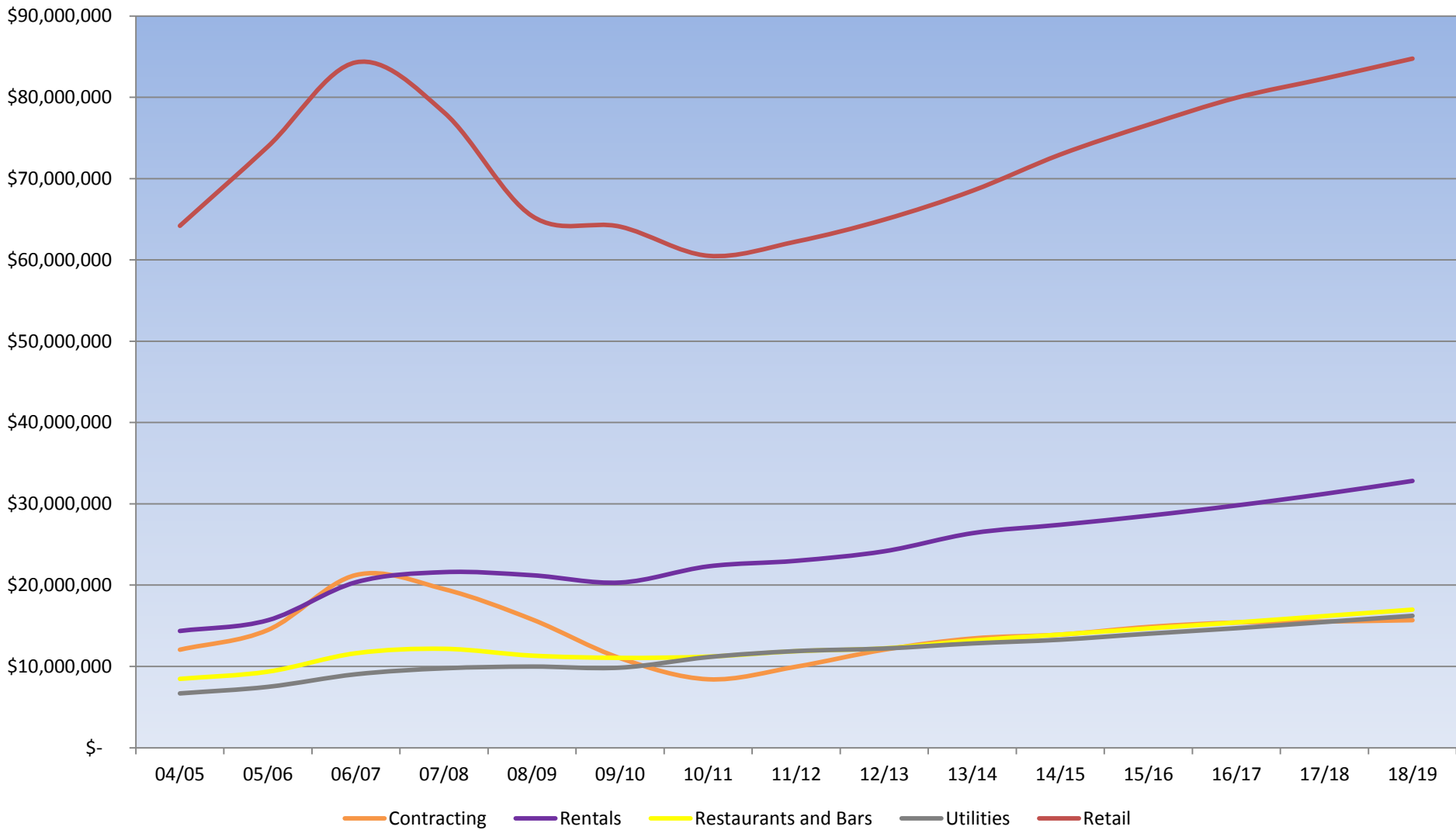
(as of Jan 2014 data for local sales tax and Dec 2013 for remaining)

Dollars in millions

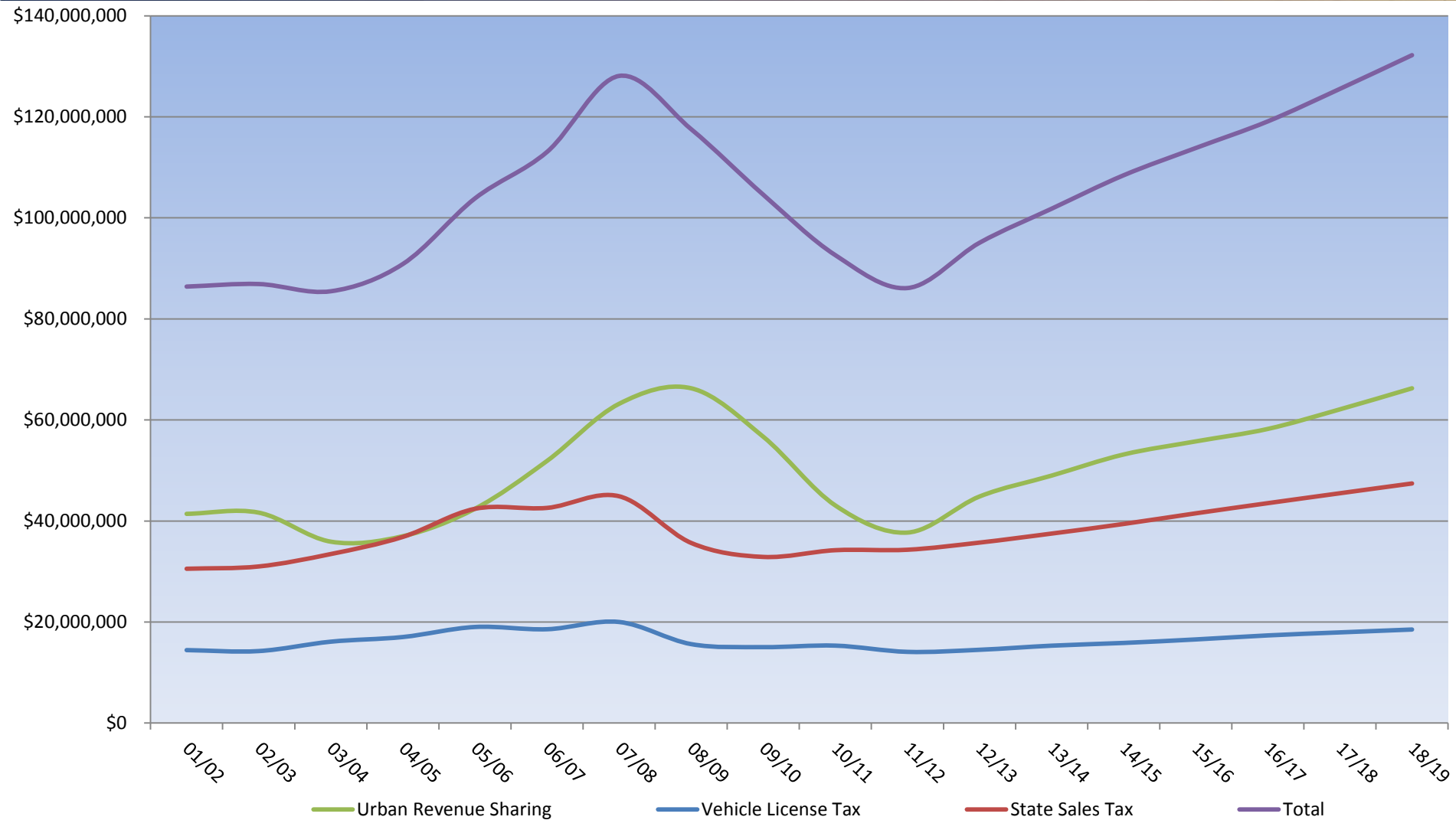
General Governmental Resources – Major Categories



Local Sales Tax – All Funds



State Shared Revenues – General Fund



Inflationary Expenditure Trends

Competitive Compensation

- Some local municipalities have adjusted compensation ranges for their positions resulting in increased competition

Service Contracts

- Recent contract renewals for the City have seen dramatic increases. Existing park maintenance cost increase for 14/15 is \$1.3M total and \$0.5M to the general fund

Vehicle Operational Costs

- Costs for fuel and maintenance have increased over the years without adjustments to department budget allocations

Public Safety Overtime

- Overtime cost for Police and Fire response has increased

Forecasted Cost Increases: 14/15

General Governmental

	<u>FY14/15</u>
Arizona State Retirement System (ASRS)	\$145,000
Public Safety Personnel Retirement System (PSPRS)	
Fire Employees	\$394,000
Police Employees	\$873,000
City Contribution for Medical Premiums	\$1,381,000
Parks Bond Package Operations & Maintenance	\$627,000
Central Mesa Light Rail Extension	\$582,000

** 14/15 personal services forecast includes standard compensation program*

Forecasted Cost Increases: Mid-range

General Governmental

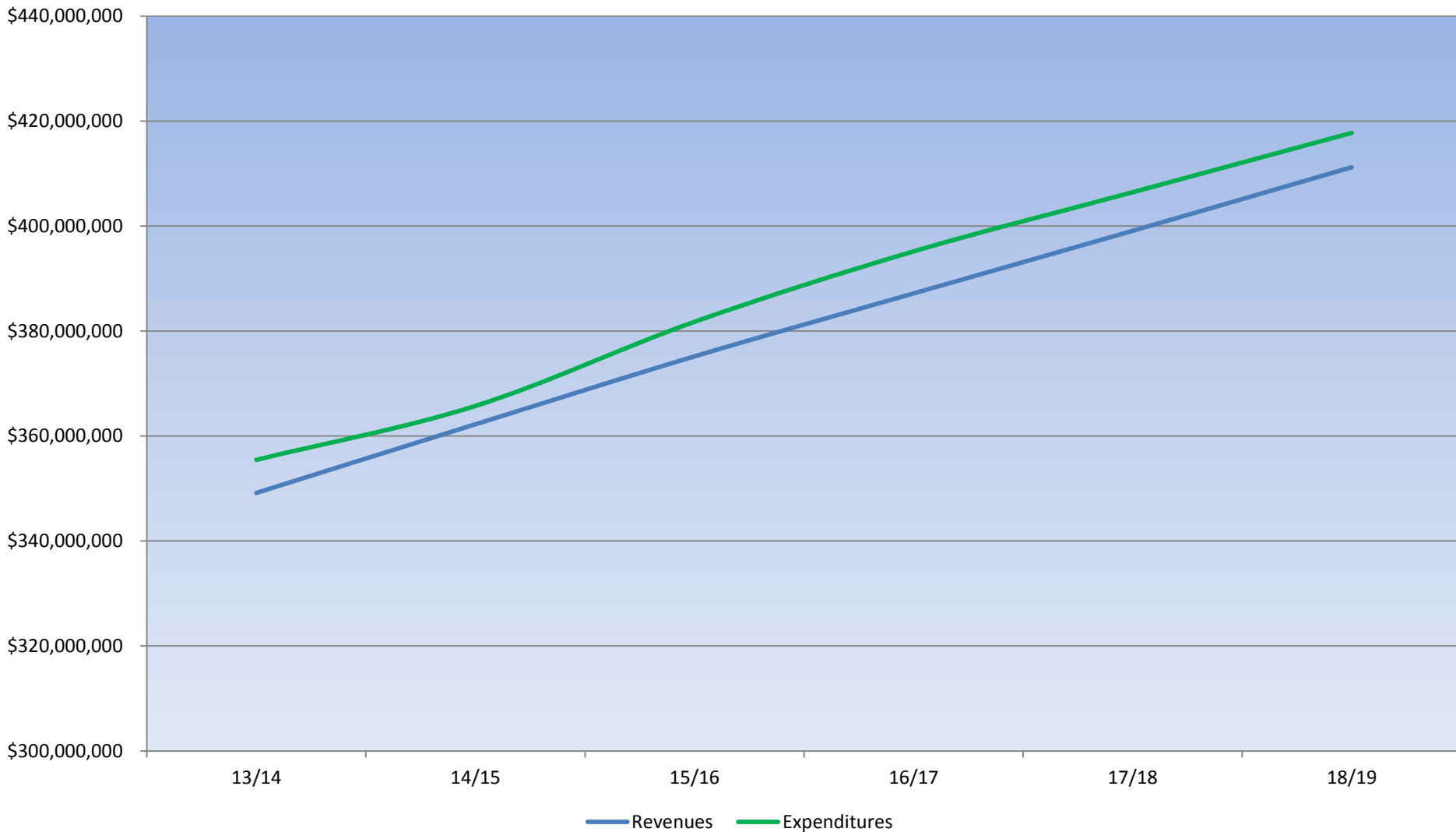
	FY 15/16	FY 16/17	FY 17/18	FY18/19
2012 Parks Bond Package	\$267,000	\$1,400,000	\$811,000	
Central Mesa Light Rail Extension	\$2,909,000			
Gilbert Light Rail Extension			\$644,000	\$1,930,000
New Fire Station Operations - Southeast Mesa (requires future bond authorization)			\$1,600,000	

General Governmental Reserves

	Estimate 12/13	Estimate 13/14	Forecast 14/15
Beginning Reserve Balance	\$ 80,001,000	\$ 38,130,886	\$ 32,340,241
Total Sources	\$ 329,254,686	\$ 349,662,817	\$ 362,527,868
Total Uses	\$ 371,124,800	\$ 355,453,462	\$ 365,723,648
Ending Reserve Balance	<u>\$ 38,130,886</u>	<u>\$ 32,340,241</u>	<u>\$ 29,144,460</u>
Ending Reserve Balance Percent*	11.0%	9.1%	8.0%

*As a % of Next Fiscal Year's Operating, Capital and General Fund portion of Debt Service Expenditures. (a subset of total uses)

Resources versus Expenditures – General Governmental



Fiscal Year 14/15 Budget Strategies

Departments have been asked to manage their operations within their budget allocation

- Allocations have been adjusted for personal services costs and some large inflationary issues
- Allocations have not been adjusted for general inflationary pressure
- New or enhanced programs need to be accomplished within the department's resources

The City's financial status will continue to be monitored

Departments continue to be creative and innovative

Department Challenge



Increase the value of services offered to residents

Collaborate service delivery among departments

While staying within existing resources

Upcoming Calendar

Late March	Audit, Finance and Enterprise Committee Utility Rates and Fees & Charges
April 10	FY 14/15 Budget Summary Operations and Capital Improvement
April 17–May 1	Topical Budget Presentations
May 5	Tentative Budget Adoption Introduction on Utility Rate Ordinances
May 19	Final Budget Adoption Capital Improvement Program Adoption Utility Rate Adoption
June 2	Secondary Property Tax Levy Adoption

